

# Taiwan's Hon Hai set to spin off units

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Taiwan's Hon Hai Precision said Wednesday it plans to spin off some units as its founder unveiled measures to battle global sluggishness and falling share prices.

Hon Hai, the parent company of Foxconn group, saw its sales in the three months to March fall 19 percent from a year earlier to Tw\$809 billion (\$26.97 billion) as orders from its biggest client Apple slowed.

In reaction to the [slowdown](#), a number of foreign institutional investors have ditched Hon Hai, with their shares falling from 48.06 percent to 40.22 percent since early this year. Hon Hai share prices dived from Tw\$88.9 to a low of around Tw\$70 last week.

But in a [shareholders meeting](#), founder and chairman Terry Gou called on its investors to have faith in Hon Hai, the world's biggest electronics contract manufacturer.

"The recent sell-off is not triggered by our [business outlook](#). There's nothing changed regarding our fundamentals," Gou said, adding that Hon Hai has been working to cut costs and diversify its businesses.

The [conglomerate](#)—the world's largest maker of [computer components](#)—assembles products for Apple, Sony and Nokia.

Gou said he plans to spin off some companies out of the 26 ones controlled by Hon Hai, including the unit that produces connectors—a device for joining [electrical circuits](#) together.

"Some of our parts and components manufacturing companies are very competitive, they are definitely world class. Their genuine value is not found by many under the present circumstances," he said.

"This is part of Hon Hai's organisation restructuring efforts."

With the structural adjustment measures, Gou said now he can pledge to investors that "Hon Hai's profits in 2013 will go beyond that of last year."

Last week the firm announced it aims to hire up to 3,000 new employees to develop devices and software for Mozilla's Firefox operating system as it seeks to diversify from its core manufacturing services.

Gou also mentioned that a tie-up mooted last year with struggling Japanese electronics giant Sharp was still on the cards, though Hon Hai was in no rush to seal the deal.

"The deal with Sharp is still alive. The biggest problem is that the past year, their chief negotiator has changed four times. What can we do about that? But we're in no rush, the time is on our side," he said.

Hon Hai's net profit surged 16.14 percent to Tw\$94.76 billion in 2012 while revenues rose 13.11 percent year-on-year to Tw\$3.9 trillion.

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